Center For Digital Government Executive Teleconference with Mark Rutledge

Following is a transcript of an executive teleconference conducted by the Center For Digital Government on March 21, 2007, with Kentucky Commissioner of Technology and CIO, Mark Rutledge. The purpose of the teleconference was to provide IT vendors and leaders from other states with insight into Kentucky's IT environment, including priorities, challenges and major projects. The teleconference was hosted by Todd Sander, deputy director of the Center for Digital Government.

Mark Rutledge
Commissioner of Technology & CIO

Todd Sander: We are fortunate today to have Mark Rutledge as our guest. Mark is the commissioner of Technology for the Commonwealth of Kentucky. Mark Rutledge came to the service of the state from the private sector in 1999, where he worked as vice president of data communications for a financial holding company. Since his arrival with the state, Rutledge has served in a number of leadership roles, including executive director of Infrastructure Services, and most recently, deputy commissioner.

While deputy commissioner, Rutledge sponsored many of Kentucky's key initiatives, like the adoption of the Infrastructure Technology Information Library (ITIL) methodology and the digital conversion of the Kentucky Emergency Warning System (KEWS). Additionally, he served as chairman of the Kentucky Wireless Interoperability Executive Committee (KWIEC), and championed the reconstruction of Kentucky's delivery and cost recovery models.

Mark is a native of Kentucky and he and his wife and their children live on the family farm in Frankfort.

Mark Rutledge: Let me start with the immediate responsibilities that I have as the commissioner of Technology and the commonwealth CIO. In 2003 there was an administration change. One of the questions that I get asked most about the administrative change is whether the chief information officer reports to the secretary of Finance now. Previously, that role had reported directly to the governor and there were a lot of questions and comments about whether that was a good or a bad thing. What I have grown to understand is that the organization structure has very little impact on the effectiveness of the individual if they are trying to accomplish good things.

What I've seen is the connection with the secretary of Finance has been more advantageous to me than probably a direct line to the governor. Now we do have a path and communications established with the governor and he's always available when we need to have those dialogues. By working closely with the cabinet of the Finance secretary, the challenge had always been in the past that technology was always seen as a dark hole. An agency was spending money and always trying to find ways around what we refer to as KRS 45A, which is the procurement legislation in the state.

By being a part of the Finance and Administration Cabinet it allowed us to develop relationships to where they understood that our business needs were a little bit different than the commodity type services they generally provide the other agencies. I can say that over the last couple of years, we have worked really well together to try to make some improvements in IT procurement. As far as my direct report responsibilities go, I do report to the Secretary of Finance. It's been a very productive relationship. Our charge has not changed. The chief information officer is still the single point of contact or spokesperson, if you will, for information technology matters. That includes policy, standards, strategic and tactical planning, as well as acquisition and management. The role has not changed.

We have a focus as an ISP or ASP; essentially what that means is we provide all those services to executive branch agencies and any other government entity, including K-12, post secondary, or any 501(c) or quasi-government entity, both state and local. We try to provide those services as best we can. We have been focusing pretty much on infrastructure-related services. What that means is that we have undertaken an IT consolidation effort. We just wrapped up a proof of concept on three cabinets and have that report ready to go for some decisions about taking that across the other executive branch agencies.

Our organization is a zero-based budget, which means that we get zero appropriations or general fund dollars. Everything that we do is rate driven. We have rated services and agencies can choose which ones meet their business needs and we will provide that service for them. Our spending authority is about $72 million this year. We have about 35 different rated IT services; that is down from 155. We provide those services with about 450 merit employees and then 125 contractors, plus or minus 10. So our workforce is close to 600 people. Up a notch and looking at the whole IT span in the commonwealth, it's about $300 million, which is about 2 percent of the revenue. I think this is in line with most states, maybe a little more or a little less from my experiences with my peers. I've seen as little as .9 percent in some states up to as high as about 2.3 or 2.4 percent. We are at almost 2 percent, so I think that is pretty good. Kentucky is investing a lot more in technology and I think some of our recent accomplishments over the last year have been testaments to that, like our eighth place in the digital states. Some of the awards that we have been presented with for our work in public safety and emergency response and preparedness and the governor's *Prescription for Innovation* have gotten national recognition, along with our *No Child Left Offline*. Hopefully you have heard about ConnectKentucky. They are pretty much a partner of ours, promoting the agenda for technology on the governor's behalf in the private space in the commonwealth.

Talking about budgets, some of the questions that I get frequently are how do you create IT projects and how do you go through the budget bidding process. Agencies kind of build their IT projects based on the business goals and objectives of each cabinet secretary -- their plans -- which in turn reflect back to the governor's initiative. What they do is anything that is over a $600,000 expenditure is considered a capital project in the commonwealth. The agencies go through and they complete their list of capital projects and all the agencies submit that to our office and then we have a review process. We take that through and we have a rate. We go through and assess it the first time and some of the things we look for are the alignment with the commonwealth initiatives and if there are measurable deliverables. We look to see if there is a service improvement and if it is both internal and external. We want to know how efficient it is and what the funding sources, timelines and impacts on other projects are. We also look at the risk factors and whether it lines up with the architectural alignment that the state has and if there is a sound pointing strategy. Does it have the proper executive sponsorship? Is there a resource plan? More important is the operational plan. Many times we see a lot of IT projects come through with grant dollars or special one-time dollars, but there really is no money to put in there for maintenance and support and we all know that if you are going to commit dollars to any of these, you have to have the ability to sustain it once the business depends on it. We go make an internal assessment of that and then we have a ranking. Then we call in all the agencies that have submitted their plans and we let each of them know about how we reviewed their plan and what our initial assessment was. We give them that feedback and then we give them the opportunity to come and present their case after our initial findings. We do it in a collaborative manner. We ask four or five different people from across the different cabinets to sit in and form a capital review board. We pull in four or five of the ITOs (the chief information officers of the cabinets) and ask them to sit in so we can have a subjective view on what the agency has proposed, what our initial finding is and then we allow that agency to present it. That board will make a recommendation to the CIO. Then we put together a final ranking and we submit it to the capital review board at the legislature. They use that as their basis for funding. It works pretty well. It's always challenging when you put a scoring metric, if you will, on an agency's request.

When speaking of the top upcoming initiatives, I'm going to break this down into a couple of groups. I'm going to do one from an enterprise view across government where our top initiatives are and then I'm going to speak specifically about COT and what our top initiatives are. We are currently in the middle plan that we have called *back to basics*. When I say back to basics, I don't want you to think from a technology perspective that we are talking about basic technology; that we are not looking for new and creative ways to be innovative or that we are not looking for technology that is innovative. What we are trying to do is get back to a sound business practice. As Todd mentioned earlier, I came from a financial background. I provided services for banks and they were driven by the bottom dollar. There were stockholders to pay and dividends to be paid so we were really conscious of all our decisions. Since we are a zero-based entity we have no general funds for personnel, and we are a little different than most agencies in that respect. Most of your state agencies will throw out the personnel cost when they go to factor cost of goods a lot of times. We can't do that. We don't get general funds for that. As I mentioned earlier, all of our services are rate driven, which means we pay for everything based on the subscription rate of those services. We have to get back to basics and manage it like a business.

The first thing that we have done is to try and understand the cost of our goods and we started looking behind and peeling the edge of the onion back a little bit. The previous leadership of this organization had treated all the incomes and expenses as one checkbook so wherever the income came from didn't matter as long as we zeroed out at the end of the day. That's one approach, but it's a little tricky when you start dealing with state and federal dollars, especially federal dollars. Federal agencies earmark dollars for a specific service and they require those funds to be spent on those services. So any overages from operational improvements must go back to that agency or reinvested in a way to improve those specific services. So we built the plan *back to basics* and the first thing we did was to try to tie all of our costs, both indirect and direct, into the right accounting system. This was so we could know, for example, if we were providing network services, all the purchases that went to network services.

Then the biggest task was to align our personnel. With that we came down to a unit cost or baseline. Then we took that baseline and said, ok, based on this, this is the rate that we think the service should be for. Then we compared it to what the income strings were and what we found was that they were all over the place -- some were low, some were high, some were middle. Very few were spot on, but we had a few that were close. We spent the last year adjusting that and making sure our people were recording time and materials right, that the products we were buying were being charged the right code. We have tried to get in a position to where we developed what I would call core competencies. As I mentioned earlier, we have 35 rates now; we had 155. What we are trying to do is to establish what part of the business that the Commonwealth Office of Technology can provide. One that I know -- not just from being in government but from being in the private sector -- is that you can't be all things to all people. You have to define your organization; you have to have a clear mission, and whatever the service that you provide, you have to do it in a competitive manner and be good at it.

I know that when we had a third party come and perform a review of our practices and we scored really high with our surrounding states as far as our government peers. However, I wanted to shift that a little bit, because my challenge was with no disrespect to Tennessee, Indiana, Ohio, West Virginia or anybody. I am really excited that Kentucky has been performing or providing services at a less or equal rate than they are, but other states are not really my competition. My competition is any entity in Kentucky that can provide that service and provide it as efficiently, securely and as well as we can. Quite frankly, if I can't do it equal or better than they can internally, then I don't need to be doing it. So we refocused and we looked and we're trying to be what I would consider market competitive and trying to see what those services are. What we found is that there are some core competencies. We have developed some core competencies and some things that we consider that we should be in this space. These are the things that we should be doing, and then over here if we have a group of services that we are providing today, but we are not efficient at it, or we don't have the skill sets, the expertise and the volumes that will help shrink those costs. Then that's where we need to look for partners. I use the word partners because you can find a vendor anywhere, but a partner is somebody who is willing to invest with you in the state and provide a service that is useful for all. That is what we are trying to do right now. We are going into the second year of that. It's been really productive. We are finding some opportunities that we are going to try and throw out there to see if we can find some people to help us.

We have also kind of narrowed things and taken a shotgun approach to IT. We've started to take some rifle shots. It's been really productive. Like I said earlier, we refer to that as *back to basics*. The first piece of that was a cost accounting piece. We have also adopted from an IT management perspective, the ITIL practices. We wanted to be relying on process and not people. What we did want was to have management by individual choice. We developed the ITIL framework so we could be consistent in how we delivered service.

The best analogy I can give of that is that regardless of whether you are big fan of McDonald's or not, when you go to a McDonald's across the nation, you can always count on the food to be the same. A Big Mac is a Big Mac and that's the McDonald's experience. I want to come above technology to have the same disciplines and the same type of delivery mechanisms that regardless of what the entity is or the person who is working in that group, they have developed the same mechanisms and practices so they manage and produce the same way so that we can be efficient in what we do. ITIL has really helped us. It's helped us in our change management process. We went from a change notification agency to a change management where we've tried to review all change as it impacts business.

The third piece of that, which may be the most challenging piece, is the procurement process. I know a lot of states wrestle with the procurement. I mentioned part of the reorganization under the Finance Cabinet has helped me to develop relationships and understand the oversight responsibilities that the procurement office has. It helped me find ways to how I could best work with them so they meet their goals and objectives and I could meet mine. The procurement piece is always something that is challenging because the procurement process is not as agile as IT would like for it to be.

Kentucky has relied heavily on the RFP solution, or sometimes the IFB, but more times than not an RFP. We wrote an RFP on every service that we tried to work for. It's my opinion that whoever's idea that was back in 2002, that was a great idea, but great ideas don't have much return until you put them into practice. So, I want to put that into practice. We have been focusing on using the Strategic Alliance Services (SAS) vehicle. We have been working with the procurement office, and I will forewarn you; if you don't have those relationships, that may be something that you evaluate because we are going to start pushing procurement down that path. It is my opinion that the way to get the best value for your dollar in an IT spend is to try to minimize the responses. RFP is costly and time is money.

We all know that any time you have involved an organization's time to respond to an RFP, especially times when you pull in the legal office to go through the contractual piece, that time is money. We know if we can get to it in a quicker fashion and give you the ability to be creative -- I'll tell you something that the RFP does -- we have to get so prescriptive in the RFP. In other words, we go out there for a solution, and in order to objectively score it, we have to make sure that we satisfied the requirement. In IT that is challenging because as a vendor every product is a little bit different and there is some level of innovation that most of you all have with your solution. Many times the RFP process removes that and puts you back on a level scale and now you are really competing for price. We want to flip that a little bit so that we say what the business problem is, here is what we are trying to achieve, here is our dilemma; now tell us what you can do. Then we give you the ability to go back and from a business value perspective, we can then look at each solution presented to us and say which one has the best value. By best value I mean the best service that we get, the more service that we can have and the broader the service for the cost.

It's a different approach from an RFP. We think that using SAS will be more advantageous to us and to the people that do business with us. Now it gives the vendor room to be creative and set themselves apart by how they define the solution. If you are a SAS vendor, you can say we have *x* amount of business and we can roll that business because the other opportunities that we can have a chance to respond to and be creative as long as we can meet the goals and objectives that were presented to us on that bid. I think it's something that will help us reform IT procurement.

We have a human resource information system that has been out there that is under review right now for final negotiations. That's going to be big for the commonwealth. The human resource management application is at least 25 years old. We have committed a large amount of funds to that. We are excited about the potential of bringing the new application in. We also have a bid for a comprehensive tax system with about 35 to 40 different legacy tax systems and we are looking for a way to integrate those and have one application and to find a way to utilize a service-oriented architecture. As those tax laws change yearly, we can have a way with business rules to make those changes and not have to go through detailed code changes, which is always timely and costly. The other one is another program -- a multiple-year project that has received a lot of notoriety -- the legacy Kentucky Education Network. It's referred to as the KEN network. It's a collaborative effort between K-12 and postsecondary education to track the learning experience of a student in Kentucky from kindergarten through higher education. It is a logical approach to an infrastructure. When we talk about the KEN network we always think about infrastructure and are referring to providers -- the telecommunications providers or networking components. What this is about is creating a logical network so that they can have common data repositories. The data can be exchanged between all of those entities and they can track that experience. That project is set to go live in the coming school year.

Some of the other large projects we are looking at are public safety initiatives. We've received successful funding of about $27 million in state appropriated funds for the emergency warning network, which is dedicated to public safety. We are also looking for ways to extend that public safety community; typically it is thought of as law enforcement only or emergency response agencies. We are trying to extend that to our social workers. They are probably one of the larger workforces that we have out in the field. They are as responsible for public safety as anybody else, especially when you think about our best assets, which are our children and our citizens. So we want to include them and find ways to make their jobs easier and equip them with the necessary tools so they can be safe when they are out in the field working on our behalf.

A couple of cross agency task forces that I put together are on data architecture and identity management. Identity management is not a new challenge. A lot of people have been tackling that for several years. It's always a challenge when trying to bring in multiple agencies to agree on a single way to do anything. We are trying to take that approach. One of the things I want to focus on a bit is the data architecture. When you think about data architecture, people always ask me if I'm talking about data warehousing. Well, no, not really. What I am trying to do is to develop a common way for how we define data -- the elements involved -- so we can report on it. I believe what I am talking about is business analytics in a way, so that regardless of where the information resides, we know there is a common look and feel to the data element. This means when we need the information, we can have it in a quick fashion. Today, and I don't think it's unique to Kentucky, I think it's on any state, when the governor or the budget office or the economic development cabinet wants to know facts and figures they usually have to go to multiple agencies. Many times, they get it in a lot of different formats. Then there are a lot of questions about the validity of the data and how old is the data and is it fresh or has it been duplicated. What we are trying to do is develop an architecture that would help minimize that and develop the tools that will allow the governor or the budget officer or whoever the person was that needed the information with the right security clearances. They would then be able to go and ask anything they needed to know about *x* and have the ability, regardless of where that data resides, to pull that data in a common way. I think that's essential. We all know that when you are making decisions, you need good quality data and you need it in a useful manner.

Security is nothing new. When we think about security everybody always thinks about traditional approaches, but I guess I've learned a lot from my children. What I notice is that they have more gadgets with them than I have with me; they have their iPods and their cell phones; they have this and that. Really what that has taught me as a professional is there are more ways to get access to data today. There are more ways and more security threats to it because as easy as it is to access it, it is even harder to protect. We have to think about that. If we think about the enterprise of government, then we have to look at those auxiliary devices and how we support them and how we use them and how we all want them to be used and try to provide some leadership there. Right now, they are kind of out in the periphery. It's become somewhat fashionable now to see who has the new Blackberry, the new cell phone or the new gadget of the week. Security is always a challenge with that. We recently appointed the first CISO (chief information security officer) of the commonwealth of Kentucky. That was one of the first things that I did after my appointment back in the summer. We understood that there was a need and we tried to help elevate the need for information security practices. His name is Mr. Toby Whitehouse and he is available to all state agencies to help them look at policy and practice and try to guide them into sound security practice. Security is always a challenge and will continue to be a challenge. We would like to change from a reactive approach to more of a proactive approach and that really starts with the users. Hopefully we can find a way to educate them and make them aware of the responsibilities that they have when they handle sensitive and confidential information.

I think e-government is something that started out with just Web pages and applications, but as we go forward into the next generation, I think you are going to see it be more interactive. This is going to be required because we are raising an on-demand society today. Government is going to have to change the way they do business and even grow e-government space and involve people regardless of where they are in proximity or what time they want to get to it. It's more than just Web pages and applications. It's got to be more interactive. That will be challenging, but I think it will be fun, too.

I think probably every state has some IT consolidation initiative. Kentucky is no different. I mentioned that we've got a three-cabinet approach that we did on the proof of concept. We did an initial study; we had studies done that we've put together and looked at and said we think we can produce these results. The governor put out his executive order, and we took that executive order and said, let's put it to task and see if we are right on with this. We consolidated the Transportation Cabinet, the Commerce Cabinet, the Finance Cabinet and obviously the governor's office -- and we took a look at that, and based on what our results have been, we have overachieved. We had a third party come in and review our assessment, our findings, our results and our numbers. It was a very objective third party and they agreed with us. They kind of raised expectations a little bit and gave us a couple of suggestions on places we didn't really want to go, but they were only suggestions. We are going to get that before the governor and say here is what we are seeing, here is what our results are and now we are looking for the next steps. More to come on IT consolidation. It's been quiet over the last several months, but we have been finalizing that report and will make it public within the next few months.

I talked about SAS providers and who some of the integrators that are working in the state are. Some of them are people that we do business with and some of them are SAS providers and some of them are not. One of the companies we've developed a strong partnership with is Dell computers. We've always had a long-standing relationship with Nortel, IBM, BellSouth (now AT&T) and Microsoft®. We also have a newly developed partnership with Harris Corporation, and believe it or not, Cisco has come into the state to see where they can help. We are always excited to have new people work with us. I will tell you, and I hope I don't offend any of my Cisco brotherhood with these comments, but Kentucky has always been viewed as a Nortel state. Nortel has been a tremendous partner for the commonwealth of Kentucky. They've been a grade-A provider. Somebody came to me and said, "Why is it that you won't have a conversation with Cisco?" and I said, "There's a real simple reason. Nobody from Cisco has asked us." With that comment, obviously Cisco came and we talked.

The reason I am sharing this message is that it is my belief that we are doing what we are doing today because we think it's the right thing to do. I will tell you that it will be remiss for us to never re-examine what we do. Just because we have done it yesterday and today doesn't mean that we will continue to do it tomorrow. The business speaks for itself. If anybody can bring us a compelling business reason to re-examine or rethink any of the things that we've done, we will always do that because at the end of the day, we look to the taxpayers and the governor of Kentucky to do that. He has charged us with fiscal responsibility of information technology so that is what we do and that is how you get best value. We don't look at it as anything other than just responsible government. In SAS providers, we have Accenture, AMS, CGI-AMS and EDS. EDS has been a great partner; they've done some great things with our Medicaid reform, IBM, Unisys, Computer Associates, Lockheed Martin and lots of others. I've probably missed some and I apologize. Pay attention to the SAS process. There will be more to come on that, and I think it will be rewarding for you.

There was a question about RFPs and I think I went through that a little bit. Yes, we do take the RFP approach. We are trying to get away from that, but should we have something that won't be delivered by SAS, RFP is a viable option and we will continue to do that. We are trying to minimize the number of RFPs that we have to issue.

I will tell you if you are trying to reach anybody in the commissioner's office, the key person is our executive assistant, Diana Viltrakis. She's in the office most of the time and can be reached at any of the numbers on the Web site. Cary Black is our special assistant and is always good to reach. Thomas Ferree is our deputy CIO. The person I have leading the development initiative and executive director of the Office of Application Development is Vibhas Chandrachood, and Rick Boggs is the executive director of the Office of Infrastructure Services. Robert Trimble is the acting executive director of the Office of Enterprise Policy and Project Management. All those people are above and beyond me and are the key people to meet. I'm least of all those.

What information should our listeners be gathering from our Web site? Now is a good time to talk about the Kentucky Summit. It's coming up in April. We have a nice planning session underway. I think it's going to be the greatest summit ever. We are very fortunate to have a couple of high profile keynotes. Neal Petersen, a great human interest story, is a wonderful speaker. I think he's going to be a fantastic keynote. We have Ms. Cathilea Robinett; you all should all know her. She is the executive vice president for the Center for Digital Government. Cathilea is a friend of mine, but more importantly she is one of the leaders and innovators when it comes to government solutions and technologies and trying to help us change the way that we look at buying those services in the government space. Cathilea is going to be here that afternoon and we are excited to have her. We have great partners, a lot of sponsors and great sessions lined up so we encourage you to take note of that and participate with us if you can.

We also have something called Techlines, which is a monthly publication that we put out where we gather a lot of technology stories and projects and things going on in the commonwealth -- and a lot of other things, just technology in general. If you have an interest, take a look at Techlines. A lot of our stories get picked up nationally in other publications. We are happy to share that story with you.

We have a new project management system. It's a new product we acquired from Computer Associates. So far it's been wonderful. It's going to allow us to track capital projects a lot easier and in more of an automated fashion than the old method. The interesting feature is that it will be available on the Web for whatever information is deemed not confidential will be available, not just to anybody in government, but anybody that wants to check on the status of those capital projects, because it is tax dollars.

Kentucky has gotten national recognition for GIS. We are going to continue to grow that GIS mission. We are going to find new and innovative ways to get GIS implemented in traditional technology approaches. We are going to continue to expand how we use it in public safety. We are going to look at other ways to do that from an economic development standpoint. We are also going to look and see how GIS can be beneficial to other agencies. I'm sure there are many other ways to use GIS that we have not thought of. We are looking to grow that. We want to continue and sustain that momentum.

I want to talk a little bit about ConnectKentucky. ConnectKentucky is an entity that is 501(c)(3); it recently had legislation passed that administratively attached it to the Governor's Office for Local Development. If you don't know about ConnectKentucky you need to go out and visit them on their Web site. ConnectKentucky has done some wonderful things. They have advanced the governor's mission admirably. They have gotten significant recognition for their management with broadband initiative. Kentucky has gone from last place, as far as states go for broadband, all the way up to number one. Probably 90 percent of the state has broadband availability. Our goal is to have 100 percent availability by the end of this calendar year and I will tell you that we are well on our way to doing that. What that has done is create an interesting Kentucky from a technology perspective that's never happened before. They are going to continue to do great things. We work really well together in a partnership, and because of that continued commitment for the governor's technology plan, we are seeing more companies want to invest in Kentucky. This is good for the commonwealth because it means more high tech jobs, more service offerings and it's good for the economy.

ConnectKentucky has done a wonderful job. They have gotten national recognition for their *No Child Left Offline* program, which is where Gov. Fletcher has issued that the state surplus computers are being sent. This is in partnership with ConnectKentucky, the Commonwealth Office of Technology and the Department of

Corrections. The program takes refurbished PCs and passes them out to eighth-grade students under a certain criteria and allows them to have computers at home. Otherwise they would not be able to afford them. That program has been successful primarily because of the contributions of our business partners. We have many of you all that have committed to that effort. It's been a phenomenal success and we thank you for that. ConnectKentucky is a key essential to what we do in the commonwealth.

It's always a challenge in any organization to find ways to motivate people. I think government is a little different, but not a whole lot different, from the private sector. One of the things that is hard to do is find ways to maintain organizational focus. If you think about the government space, in Kentucky we have four-year terms. In the first year you have an administration that is getting acclimated. Then you have two good years where people are trying to make progress. And then the last year, you have a governor that has either decided that there are other opportunities out there that look more advantageous or that wants to be re-elected. The first year and the last year are challenging to try to maintain focus on projects. You just have to be creative and minimize the noise and focus on the task at hand. We are trying to do that. We have had some successes.

One of the things that I've learned is that you've got three kinds of people: the hold-outs, the drop-outs and the all-outs. The hold-outs are those people that, over the course of time, are waiting to see if this is just a new thought that is not going to grab hold and take root and develop and if it is just the flavor of the day. We have consistently had the same message. What we have done by being consistent in our communication process has minimized the people who have held out and therefore committed to the effort.

Then you have the people that drop out; the people that start and then the moment there is a little bit of controversy or hardship, they drop out. Those are the people you put your arm around and you say, "Good things happen to those who keep working hard; let's keep working hard." You just build them up and encourage them and try to lead them. That is what leadership is all about. Leadership can be defined as when somebody has commanding authority or influence, but really it is looking for ways to bring others to the fight and find ways for them to be productive.

The last are the all-outs and every organization has these and every organization wants more. It's the people that hear we are going up this side and down the other and who are always to the top and to the bottom and always carrying a flag and ready to go. We have a lot of those in the Commonwealth Office of Technology and we are blessed with those in other agencies in Kentucky. Those are the ones that every organization has and we certainly have some and I want to pay tribute to them today.

Communication is another challenge. In government, you always have communications issues in any organization. Government is a little different. You have so many oversight bodies. You've got three branches of government then you have other factors in there. Communication is important. Communicate early and communicate often. If you do that, you will have success.

I think our position is to always put the business first. We support the business first; technology is the enabler. I know one of my things I like to tell people is the business of technology is business; it's not technology. Whenever we take that business view first and we allow those people to enjoy the successes that technology has enabled the business then I think we get more people willing to partner up with you, to share wealth. I think that's essential.

Todd: In the past, both you and the governor have said that Kentucky is using technology to change its culture. How can the private sector technology community help support that change?

Mark: That's the charge of ConnectKentucky. I think what we are trying to do is find ways to use technology to create more high-tech jobs. The biggest challenge that we have in Kentucky is that we are unfortunately blessed with beautiful landscape that is not seen as technology friendly. What we are trying to do is re-image ourselves a little bit and I think we have done this with the *Prescription for Innovation*.

Todd: Are you using an enterprise document management solution now, and if so, what is it and how is it working for you?

Mark: We have a solution from Xerox. That is one of the groups that is taking out a review. We are looking at the solutions. We have a pretty good investment of FileNet distributed throughout and also have some people talking about Documentum. We are looking at enterprise solutions. We have one but it's been more of an internal solution than it has been made available to everybody. But it is purely a rates service approach or one single solution for document management. There are not a lot of new requirements that have come out, both internally as far as record retention and we all know about the new federal law that went into effect. There is a lot more focus on record retention as it relates to document management. That is something that we have an interest in. We are under review looking for those things. Obviously, we are open to any ideas from anyone who thinks they have a good solution.

Steve: How does a vendor go about getting on the SAS list that you referred to?

Mark: It's similar to the RFP process. They are coming up for renewal in a year. What we do is send out the requirements — we are looking for people who will agree to these terms and conditions, who will follow these architectural standards — and I'm going to kind of go off the hip a little bit because I have not seen the 2001 or 2002 request. It's much like an RFP, but what it does as opposed to a finite solution that you present back is that you are agreeing more within terms and conditions and general things of that nature for a full provider. There are a lot of requirements to get you that full provider or a niche provider, like what your specialty is, and then we base that based on your scores, your references and other things you can provide us. Then it's kind of like an award like an RFP, but rather than give you a specific project, it puts you in line so that as those projects come out, you have first shot at it or first right of refusal.

Essentially what we want to do is give those SAS providers the first opportunity, the first right of refusal because we think that's where we grow money. Obviously if you are providing me more services, then the idea for us is that we can get more value because there is less contract management and fewer people involved. You are also growing your business with us, which means we should get better returns on our investment and you should minimize the cost for you to deliver that service to us.

I will tell you the new SAS contracts will try to be more technology aligned and have some vertical niches for things like public safety initiatives. That is something if you think about it, we don't really have. There are a lot of gaps in the current vehicle that we have. We are going to have to realign it a bit. The idea is good. The foundation is good. The short answer is to pay attention to that Finance Cabinet Web site and when you see that SAS proposal come out, jump on it and try to be qualified.

Mike: My question is about disaster recovery and continuity of operations. From what it looks like, most of your disaster recovery is offline storage. Are you looking at enhancing that for continuity of operations with either real-time back-ups or hot sight availability and have you looked at that as an economic development driver in a disadvantaged location?

Mark: Yes, yes and yes. Disaster recovery has been more standby. We've had contracts with a vendor to provide off-site disaster recovery but what we would like to get to is real time. We would like to have a facility somewhere in the commonwealth and would like to replicate data between that facility and ours. What we are trying to do is raise that issue now with the General Assembly to try to get people to understand disaster recovery. The key thing is that our businesses are depending more and more on technology. As we depend more on it, we need to have a quicker time to recover from disaster. We are trying to educate, communicate and let them know this is a real need. This is something we need to elevate from the process we have today into some other model. Now, whether or not we will have the funds available to duplicate what we do, probably not, but do we have the ability to evaluate our current disaster recovery arrangement and make critical systems and data available should something happen to the commonwealth data center should we have to relocate for whatever reason? So, yes, it is something we are looking at and we are working on that. We are trying to put together a plan for the next budget cycle.

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